Chuang's China Investments Limited
（莊 士 中 國 投 資 有 限 公 司）
(incorporated in Bermuda with limited liability)
(Stock Code: 298)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2011

The Board of Directors (the "Board") of Chuang's China Investments Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31st March, 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Revenues		**198,024**	381,951
Cost of sales		**(142,337)**	(294,403)
Gross profit		**55,687**	87,548
Other income	4	**34,355**	30,974
Selling and marketing expenses		**(16,902)**	(33,871)
Administrative and other operating expenses		**(95,703)**	(89,349)
Change in fair value of investment properties		**66,375**	101,941
Operating profit	5	**43,812**	97,243
Finance costs		**(13,303)**	(8,878)
Share of results of an associated company		**3,232**	17
Profit before taxation		**33,741**	88,382
Taxation	6	**(9,693)**	(14,532)
Profit for the year		**24,048**	73,850
Attributable to:			
Equity holders		**31,909**	70,642
Non-controlling interests		**(7,861)**	3,208
		24,048	73,850
		HK cents	*HK cents (Restated)*
Earnings per share (basic and diluted)	7	**2.09**	4.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2011

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**24,048**	73,850
Other comprehensive income:		
Changes in exchange rates	**40,423**	21,024
Change in fair value of available-for-sale financial assets	**4,904**	42,760
Other comprehensive income for the year	**45,327**	63,784
Total comprehensive income for the year	**69,375**	137,634
Total comprehensive income attributable to:		
Equity holders	**76,211**	134,278
Non-controlling interests	**(6,836)**	3,356
	69,375	137,634

CONSOLIDATED BALANCE SHEET

As at 31st March, 2011

	Note	31st March, 2011 HK$'000	31st March, 2010 HK$'000 (Restated)	1st April, 2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**30,940**	38,367	38,986
Investment properties		**70,300**	780,920	678,627
Land use rights		**1,718**	1,740	1,739
Properties for/under development		**106,039**	–	–
Associated company		**6,453**	3,221	3,199
Available-for-sale financial assets		**69,633**	64,729	21,969
Loans and receivables		**11,934**	11,474	22,727
		297,017	900,451	767,247
Current assets				
Properties for sale		**1,896,065**	1,771,148	1,597,662
Inventories		**3,470**	3,920	4,366
Debtors and prepayments	*8*	**404,660**	159,396	132,592
Restricted bank balance	*9*	**125,004**	–	–
Cash and bank balances		**226,699**	293,917	446,056
		2,655,898	2,228,381	2,180,676
Investment property held for sale	*10*	**790,000**	–	–
		3,445,898	2,228,381	2,180,676
Current liabilities				
Creditors and accruals	*9*	**689,418**	210,453	140,330
Short-term bank borrowings		**–**	18,267	85,013
Current portion of long-term bank borrowings		**65,313**	102,778	82,419
Loan from ultimate holding company		**180,000**	–	–
Taxation payable		**69,375**	74,402	57,478
		1,004,106	405,900	365,240
Liabilities of investment property held for sale	*10*	**374,968**	–	–
		1,379,074	405,900	365,240
Net current assets		**2,066,824**	1,822,481	1,815,436
Total assets less current liabilities		**2,363,841**	2,722,932	2,582,683
Equity				
Share capital		**76,166**	76,166	76,166
Reserves		**1,921,507**	1,845,296	1,711,018
Shareholders' funds		**1,997,673**	1,921,462	1,787,184
Non-controlling interests		**78,177**	18,869	11,507
Total equity		**2,075,850**	1,940,331	1,798,691
Non-current liabilities				
Long-term bank borrowings		**89,063**	590,773	589,794
Deferred taxation liabilities		**188,774**	181,690	184,062
Loans from non-controlling interests		**10,154**	10,138	10,136
		287,991	782,601	783,992
		2,363,841	2,722,932	2,582,683

NOTES:

1. GENERAL INFORMATION

Chuang's China Investments Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

As at 31st March, 2011, the Company was a 57.04% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property investment and development, manufacturing and sale of watch components and merchandise, and securities investment and trading.

2. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair value, and in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group.

For the financial year ended 31st March, 2011, the Group adopted the following revised standards, amendments and interpretations that are effective for the Group's accounting periods beginning on 1st April, 2010 and relevant to the Group's operations:

HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 36 (Amendment)	Impairment of Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRS 8 (Amendment)	Operating Segments
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

In addition, for the financial year ended 31st March, 2011, the Group has early adopted HKAS 12 (Amendment) "Deferred Tax: Recovery of Underlying Assets" which should be effective for the Group's accounting periods beginning on 1st April, 2012.

The Group has assessed the impact of the adoption of these revised standards, amendments and interpretations and considered that there were neither significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies except for HKAS 17 (Amendment), HKAS 27 (Revised), HKFRS 3 (Revised) and the early adoption of HKAS 12 (Amendment).

HKAS 17 (Amendment) Leases

HKAS 17 (Amendment) requires the Group to reassess the classification of leasehold land as finance or operating leases. The Group has reassessed the classification of unexpired leasehold land as at 1st April, 2010 on the basis of information existing at the inception of those leases, and considered that no reclassification is necessary.

In addition, during the reassessment, the Group has changed its accounting policy for land use rights which are accounted for as properties for sale. These land use rights meet the definition of both inventories under HKAS 2 "Inventories" and leasehold land under HKAS 17 (Amendment). Previously they were classified as prepaid operating lease and payments were amortised on a straight line basis over the period of the lease in accordance with HKAS 17. Amortisation during the development phase was capitalised as part of the development cost of the properties. Amortisation charge incurred prior to the development and following completion of the property was recognised in the income statement.

Subsequent to the change in accounting policy, the land use rights are classified as inventories in accordance with HKAS 2 and measured at the lower of cost and net realisable value. Management believes that the new classification as inventories results in a more relevant presentation of the financial position of the Group, and of its performance for the period. The revised treatment reflects management's intent regarding the use of the land use rights, and results in a presentation consistent with industry practice.

Since development commenced almost immediately after land use rights were obtained, and a large majority of completed properties were sold in the same period in which the respective properties were completed, substantially all amortisation charges had been capitalised in prior years. Accordingly, the change in accounting policy has had no material effect on the income statement of the Group for the current year or comparative periods. Moreover, as the land use rights were already accounted for as part of properties for sale in prior years, the change in accounting policy had no impact on the balance sheet.

HKAS 27 (Revised) Consolidated and Separate Financial Statements
HKFRS 3 (Revised) Business Combinations

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests that do not result in the change of control to be recorded as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value, the difference between its fair value and carrying amount is recognised in the income statement.

HKFRS 3 (Revised) continued to apply the acquisition method to business combinations, with some significant changes. For example, all acquisition-related costs should be expensed. The cost of acquisition includes the fair value at the acquisition date of any contingent purchase consideration. In a business combination undertaken in phases/stages, the previously held equity interest in the acquiree is remeasured at fair value and the difference between its fair value and carrying amount is recognised in the income statement. There is a choice, on the basis of each acquisition, to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The adoption of HKAS 27 (Revised) and HKFRS 3 (Revised) does not result in any impact on the Group's result in the current year nor the financial position at the end of the year.

HKAS 12 (Amendment) **Deferred Tax: Recovery of Underlying Assets**

Under HKAS 12 (Amendment), there is a rebuttable presumption that the carrying amount of investment property using fair value model will be recovered through sale. Accordingly, the measurement of the deferred tax assets or liabilities shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless management rebuts the presumption and considers that the investment properties are held within a business model whose objective is to consume substantially all the investment properties' economic benefits over time, rather than through sale. HKAS 12 (Amendment) requires retrospective application. The effects of this change of accounting policy on the results and financial position of the Group in the current and prior years are as set out below:

CONSOLIDATED INCOME STATEMENT

	2011	2010
	HK$'000	*HK$'000*
Decrease in taxation charge and increase in profit for the year	**10,112**	16,808
Attributable to equity holders	**10,112**	16,808
	HK cent	*HK cents*
Increase in earnings per share – basic	**0.66**	1.11

CONSOLIDATED BALANCE SHEET

	31st March, 2011	31st March, 2010	1st April, 2009
	HK$'000	*HK$'000*	*HK$'000*
Increase/(decrease) in:			
Non-current liabilities			
Deferred taxation liabilities	**(31,082)**	(20,970)	(4,162)
Net assets	**31,082**	20,970	4,162
Accumulated losses	**(31,082)**	(20,970)	(4,162)
Total equity	**31,082**	20,970	4,162

The following new and revised standards, amendments and interpretations have been published which are relevant to the Group's operation and are mandatory for the Group's accounting periods beginning on or after 1st April, 2011, but have not yet been adopted by the Group:

HKAS 24 (Revised)	Related Party Disclosures (effective from 1st January, 2011)
HKFRSs (Amendment)	Improvements to HKFRSs 2010 (effective from 1st July, 2010 and 1st January, 2011, as appropriate)
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters (effective from 1st July, 2010)
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets (effective from 1st July, 2011)
HKFRS 9	Financial Instruments (effective from 1st January, 2013)
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement (effective from 1st January, 2011)
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments (effective from 1st July, 2010)

The Group will apply the above new and revised standards, amendments and interpretations as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and is not yet in a position to state whether any substantial changes to the Group's results of operations and financial position will be resulted.

3. SEGMENT INFORMATION

(a) Segment information by business lines

The chief operating decision maker has been identified as the Board of Directors (the "Board"). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the business from a business perspective, including property investment and development, sale of goods and services and others (including securities investment and trading). The Board assesses the performance of the operating segments based on a measure of segment result.

The segment information by business lines is as follows:

	Property investment and development *HK$'000*	**Sale of goods and services** *HK$'000*	**Others and corporate** *HK$'000*	**31st March, 2011 Total** *HK$'000*
Revenues	**184,628**	**13,396**	**–**	**198,024**
Other income	**17,569**	**16,700**	**86**	**34,355**
Operating profit/(loss)	**70,826**	**10,040**	**(37,054)**	**43,812**
Finance costs	**(13,303)**	**–**	**–**	**(13,303)**
Share of results of an associated company	**–**	**–**	**3,232**	**3,232**
Profit/(loss) before taxation	**57,523**	**10,040**	**(33,822)**	**33,741**
Taxation	**(7,776)**	**(1,917)**	**–**	**(9,693)**
Profit/(loss) for the year	**49,747**	**8,123**	**(33,822)**	**24,048**
Segment assets	**3,572,342**	**6,250**	**157,870**	**3,736,462**
Associated company	**–**	**–**	**6,453**	**6,453**
Total assets	**3,572,342**	**6,250**	**164,323**	**3,742,915**
Total liabilities	**1,657,747**	**2,824**	**6,494**	**1,667,065**
Other segment items are as follows:				
Capital expenditure	**313,111**	**3,054**	**647**	**316,812**
Depreciation	**2,883**	**962**	**1,225**	**5,070**
Amortisation of land use rights				
– charged to income statement	**32**	**–**	**–**	**32**
– capitalised into properties	**1,666**	**–**	**–**	**1,666**
Write off of trade and other debtors	**803**	**38**	**–**	**841**
Recovery of trade debtor written off	**1,712**	**–**	**–**	**1,712**

	Property investment and development HK$'000 (Restated)	Sale of goods and services HK$'000	Others and corporate HK$'000	31st March, 2010 Total HK$'000 (Restated)
Revenues	364,628	17,323	–	381,951
Other income	2,243	1,006	27,725	30,974
Operating profit/(loss)	103,319	(2,985)	(3,091)	97,243
Finance costs	(8,878)	–	–	(8,878)
Share of results of an associated company	–	–	17	17
Profit/(loss) before taxation	94,441	(2,985)	(3,074)	88,382
Taxation	(14,529)	–	(3)	(14,532)
Profit/(loss) for the year	79,912	(2,985)	(3,077)	73,850
Segment assets	2,877,771	8,448	239,392	3,125,611
Associated company	–	–	3,221	3,221
Total assets	2,877,771	8,448	242,613	3,128,832
Total liabilities	1,180,223	1,947	6,331	1,188,501
Other segment items are as follows:				
Capital expenditure	380,144	43	592	380,779
Depreciation	3,009	544	1,434	4,987
Amortisation of land use rights	32	–	–	32
Write off of trade and other debtors	3,682	–	–	3,682

	Property investment and development HK$'000 (Restated)	Sale of goods and services HK$'000	Others and corporate HK$'000	1st April, 2009 Total HK$'000 (Restated)
Segment assets	2,769,227	12,666	162,831	2,944,724
Associated company	–	–	3,199	3,199
Total assets	2,769,227	12,666	166,030	2,947,923
Total liabilities	1,140,504	3,073	5,655	1,149,232

(b) Additional information by geographical segments

The business of the Group operates in three geographical areas of Hong Kong, the People's Republic of China (the "PRC") and other countries. Revenues are based on the country in which the customer is located. Non-current assets, total assets and capital expenditure are based on where the assets are located. The segment information by geographical area is as follows:

	Revenues		**Capital expenditure**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**38,124**	41,851	**652**	920
The PRC	**158,163**	338,964	**316,160**	379,859
Other countries	**1,737**	1,136	**–**	–
	198,024	381,951	**316,812**	380,779

	Non-current assets *(Note)*			**Total assets**		
	31st March, 2011	31st March, 2010	1st April, 2009	**31st March, 2011**	31st March, 2010	1st April, 2009
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
Hong Kong	**8,450**	736,868	639,077	**958,215**	978,393	832,023
The PRC	**207,000**	87,380	83,474	**2,784,274**	2,150,047	2,115,540
Other countries	**–**	–	–	**426**	392	360
	215,450	824,248	722,551	**3,742,915**	3,128,832	2,947,923

Note: Non-current assets in geographical segments represent non-current assets other than available-for-sale financial assets and loans and receivables.

4. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Net compensation from government for the resumption of assets	**28,220**	–
Sale of scraped material	**413**	965
Net gain on disposal of property, plant and equipment	**1,383**	27,283
Interest income from		
Bank deposits	**1,794**	1,351
Loans and receivables	**39**	17
Recovery of trade debtor written off	**1,712**	–
Sundries	**794**	1,358
	34,355	30,974

5. OPERATING PROFIT

	2011	2010
	HK$'000	*HK$'000*
Operating profit is stated after charging:		
Amortisation of land use rights	**32**	32
Cost of properties sold	**121,685**	272,705
Cost of inventories sold	**16,083**	17,277
Depreciation	**5,070**	4,987
Net exchange loss	**1,387**	307
Staff costs, including Directors' emoluments		
Wages and salaries	**37,487**	32,077
Retirement benefit costs	**996**	945
Write off of trade and other debtors	**841**	3,682

6. TAXATION CHARGE/(CREDIT)

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Current		
PRC corporate income tax	**(5,493)**	7,714
PRC land appreciation tax	**8,198**	9,194
Deferred	**6,988**	(2,376)
	9,693	14,532

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit for the year (2010: Nil). Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates. PRC land appreciation tax is levied at the progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

Share of taxation charge of an associated company for the year ended 31st March, 2011 amounting to HK$614,000 (2010: HK$80,000) is included in the income statement as share of results of an associated company.

7. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK$31,909,000 (2010: HK$70,642,000, as restated) and 1,523,328,700 (2010: 1,523,328,700) shares in issue during the year.

The dilutive earnings per share are equal to the basic earnings per share since there are no diluted potential shares in issue during the years.

8. DEBTORS AND PREPAYMENTS

Rental income and management fees are receivable in advance. Credit terms of sales of goods mainly ranged from 30 days to 90 days. The aging analysis of the trade debtors of the Group is as follows:

	2011	2010
	HK$'000	*HK$'000*
Below 30 days	**15,030**	30,521
31 to 60 days	**108**	577
61 to 90 days	**409**	950
Over 90 days	**3,663**	1,755
	19,210	33,803

Debtors and prepayments include deposits of HK$252,647,000 (2010: HK$44,792,000) for property development projects and acquisition of land use rights in the PRC and deposits of HK$68,884,000 (2010: HK$39,616,000) for acquisition of property, plant and equipment.

9. CREDITORS AND ACCRUALS

The aging analysis of the trade creditors of the Group is as follows:

	2011	2010
	HK$'000	*HK$'000*
Below 30 days	**337**	428
31 to 60 days	**171**	267
61 to 90 days	**115**	243
Over 90 days	**581**	214
	1,204	1,152

Creditors and accruals include sales deposits received of HK$609,760,000 (2010: HK$52,938,000) regarding the sales of properties of the Group in the PRC which have not yet been recognised as revenues for the year. Among the sales deposits received, an amount of HK$125,004,000 (2010: Nil) was recorded as restricted bank balance in the financial statements as at 31st March, 2011 as certain restrictions were imposed. Subsequent to the balance sheet date, these restrictions were released and the restricted bank balance became the Group's bank deposit.

10. INVESTMENT PROPERTY HELD FOR SALE AND ITS LIABILITIES

On 1st March, 2011, the Company entered into a sale and purchase agreement with CCIL to dispose of a wholly-owned subsidiary (the main asset is an investment property in Hong Kong) together with the shareholder loan owed to the Company at the consideration of HK$790,000,000 less the amounts of bank borrowing and the tenants' deposits received as at the completion date. Details of the transaction were set out in the announcement and circular of the Company dated 2nd March, 2011 and 21st March, 2011 respectively. The fair value of the investment property was HK$790,000,000 as at 31st March, 2011 whereas the bank borrowing and tenants' deposits received as at the same date were HK$367,000,000 and approximately HK$7,968,000 respectively. The transaction was completed on 7th April, 2011.

11. FINANCIAL GUARANTEES

As at 31st March, 2011, subsidiaries have provided guarantees amounting to HK$193,712,000 (2010: HK$110,505,000) to banks for mortgage loans made by the banks to the purchasers of properties sold by the subsidiaries in the PRC.

12. CAPITAL COMMITMENTS

As at 31st March, 2011, the Group has capital expenditure commitments contracted but not provided for in respect of property development and property, plant and equipment amounting to HK$255,894,000 (2010: HK$228,961,000).

13. PLEDGE OF ASSETS

As at 31st March, 2011, the Group has pledged the shares and assets of certain subsidiaries, including investment property held for sale, properties for sale and bank deposits, with an aggregate carrying value of HK$1,162,034,000 (2010: HK$1,128,103,000), to secure general banking and financial guarantee facilities granted to those subsidiaries.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March, 2011 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINANCIAL REVIEW

Revenues of the Group during the year decreased to HK$198.0 million (2010: HK$381.9 million) principally as a result of reduction in delivering sold properties in the People's Republic of China (the "PRC"). Revenues of the Group comprise income from property development business of HK$156.5 million (2010: HK$337.4 million), rental income of HK$28.1 million (2010: HK$27.2 million) and income from manufacturing business of HK$13.4 million (2010: HK$17.3 million).

During the year under review, gross profit decreased to HK$55.7 million (2010: HK$87.5 million) as a result of reduction in revenues. Other income increased to HK$34.4 million (2010: HK$31.0 million) and was principally related to the net compensation received by the Group from the Huizhou government to facilitate the railway construction. A detailed analysis of other income is shown in note 4 of this report. Reflecting the improvement in market prices of properties in Hong Kong and the PRC during the year under review, the Group recorded an upward revaluation surplus of HK$66.4 million for its investments properties (2010: HK$101.9 million).

On the costs side, selling and marketing expenses decreased to HK$16.9 million (2010: HK$33.9 million) as majority of these were spent in the last financial year. Administrative and other operating expenses increased to HK$95.7 million (2010: HK$89.3 million) due to general increase in overheads and increase in business activities of the Group for the year under review. Finance costs increased to HK$13.3 million (2010: HK$8.9 million) as a result of reduced capitalisation of interest expenses to properties under development in the PRC. Share of results of an associated company increased to HK$3.2 million (2010: HK$0.02 million) was related to the Group's 25% interests in Treasure Auctioneer International Limited. Taxation decreased to HK$9.7 million (2010: HK$14.5 million) was mainly due to a write back of overprovision in prior years.

Taking into account the above, profit attributable to equity holders of the Company for the year ended 31st March, 2011 was HK$31.9 million (2010: HK$70.6 million). Earnings per share was 2.09 HK cents (2010: 4.64 HK cents).

DIVIDEND

As the overall liquidity is currently tight in the PRC property market, in order to maintain a stronger cash position to finance the Group's ongoing property development projects in the PRC, the Board has resolved not to recommend a final dividend for the year ended 31st March, 2011 (2010: Nil). No interim dividend (2010: Nil) has been paid in respect of the current financial year.

BUSINESS REVIEW

Property Development

To ensure healthy development of the property market, the PRC government continued to implement measures, which include the "limited purchase" policy and tightening of liquidity and mortgage policies for home buyers. These factors have caused certain short term impacts to the market, particularly the cooling down of property transaction volumes. Despite these negative impacts, such temporary adjustment will not affect the long term growth trend of the property market. The Group will gauge its pace of project development and sales according to different local market conditions.

To strengthen the Group's financial resources, in recent months, the Group has entered into two disposal transactions. In December 2010, the Group agreed to dispose of its wholly-owned subsidiary which holds the property development project in Xingsha at RMB526 million in cash. Such disposal is expected to be completed soon. In April 2011, the Group completed the disposal of Chuang's Tower in Central for a valuation of HK$790 million and the net cash proceeds will principally be applied towards the property development business in the PRC. Following these disposals, the Group is in a tremendously favorable position to capture opportunities offered by market adjustments to replenish its land reserve and will accelerate construction works for our development projects in the PRC so as to speed up its project completion.

Progress of the Group's development projects is as follows:

Chuang's Le Papillon, Guangzhou, Guangdong (100% owned)

Chuang's Le Papillon has a total gross floor area ("GFA") of over 450,000 *sq. m.*, comprising the first phase of 63,200 *sq. m.* of completed properties and 386,800 *sq. m.* for development. The average land cost of this project is about RMB820 per *sq. m.*. It is located within 1 km from the Lianhuashan Port (蓮花山港) that provides ferry services to Hong Kong, and is within 5 km to the station of Guangzhou Metro route number 4. Furthermore, the station of Guangzhou Express Rail Link (廣州高速鐵路) is located within 23 km, and is now providing express train services from Guangzhou to Wuhan. By the end of this year, the express train service will extend from Guangzhou to Shenzhen, thus reducing travelling time to just 20 minutes. Once the cross border express train (廣深港高速鐵路) connecting to West Kowloon of Hong Kong is completed, travelling from Guangzhou to Hong Kong is estimated to be within 50 minutes.

The following is the summary of the sales plan of Chuang's Le Papillon:

	Total residential GFA	Contracted sales		Available for sale		
					2011/12	2012/13
	sq. m.	*sq. m.*	*RMB*	*sq. m.*	*RMB*	*RMB*
Phase I	59,800	28,159	176,900,000	31,641	293,700,000	
	(Block A, B, C)					
Phase II	197,500					
	(Block D, E)	46,467	374,700,000	2,133	21,000,000	
	(Block F, G, H, I, M, N)			88,900	954,000,000	
	(Block J, K, L, P)			60,000		900,000,000
TOTAL	**257,300**	**74,626**	**551,600,000**	**182,674**	**1,268,700,000**	**900,000,000**
			(Note)			

Note: Of these contracted sales, about RMB413,684,000 have not yet been recognised as revenues and are expected to be recognised as revenues of the Group for the year ending 31st March, 2012 when these sold flats are delivered to buyers.

Phase I (Block A to Block C) of Chuang's Le Papillon has been completed. It comprises residential GFA of about 59,800 *sq. m.*, commercial and clubhouse facilities of about 3,400 *sq. m.* and 254 carparking spaces. It provides over 350 apartments with typical flats ranging from 93 *sq. m.* to 202 *sq. m.* and executive duplex units of 343 *sq. m.*. Sales of phase I are progressing well with 208 flats being sold. Even though the tightening of end-users' mortgage and "limited purchase" policies have affected the sales progress of larger size 4 bed-room flats, market support for moderate size flats is still very strong.

Construction works of Block D and Block E, phase II of Chuang's Le Papillon, with total GFA of 48,600 *sq. m.* (comprising 432 apartments of 90 *sq. m.* to 125 *sq. m.*) have been topped off. Since December 2010, presales of Block D and Block E had commenced and market responses were very keen. At present, all these flats are nearly sold out at an average price of over RMB8,000 per *sq. m.*.

Construction works for Block F, G, H, I, M and N of phase II have already started with foundation works for Block F, G, H and I have already been finished and superstructure works are in progress. Foundation works for Block M and N have commenced. The Group is speeding up construction works in order to launch Block F, G, H, I, M and N with total GFA of 88,900 *sq. m.* for presales commencing July 2011. Foundation works of Block J has started and that of Block K, L and Block P (comprising 22 low rise villas) will commence. Block J, K, L and P with total GFA of 60,000 *sq. m.* will be planned for presales in first quarter of 2012.

Construction master plans for phase III with total GFA of about 158,300 *sq. m.* have been submitted to the relevant PRC authorities for approval. It comprises Block Q to Block W, all of which are apartments, and Block X of 14 low rise villas. The Group will commence on construction works once approval is obtained. The total sales value of phase III (Block Q to Block X) based on the current market price is estimated to be about RMB2,000,000,000.

Imperial Garden, Chuang's New City, Dongguan, Guangdong (100% owned)

Imperial Garden has a total GFA of 530,000 *sq. m.*, comprising 96,500 *sq. m.* of completed properties and 433,500 *sq. m.* for development. The average land cost of this project is about RMB660 per *sq. m.*. It is located at 18 km from the new Humen Station (虎門站) of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (廣深港高速鐵路). The express train from Shenzhen to Guangzhou will greatly reduce travelling time to just 10 minutes from Humen Station to either Guangzhou or Shenzhen. Furthermore, Chuang's New City is only 3 minutes away from the exit of the new coastal highway (沿江高速), now under construction serving Guangzhou to Shekou, and in turn linking to Hong Kong by way of the Hong Kong – Shenzhen Western Corridor. The construction of the Dongguan Light Rail (東莞市軌道) is in progress, and the nearest rail station is designated just within 1 minute' drive from Chuang's New City.

The following is the summary of the sales plan of Imperial Garden:

	Total residential GFA	**Contracted sales**		**Available for sale**		
					2011/12	**2012/13**
	sq. m.	*sq. m.*	*RMB*	*sq. m.*	*RMB*	*RMB*
Phase I	89,000 (Block 1 to 8)	51,100	251,635,000	37,900	244,100,000	
Phase II	60,000 (Block 9 to 14)			60,000		451,000,000
TOTAL	**149,000**	**51,100**	**251,635,000** (Note)	**97,900**	**244,100,000**	**451,000,000**

Note: Of these contracted sales, about RMB43,369,000 have not yet been recognised as revenues and are expected to be recognised as revenues of the Group for the year ending 31st March, 2012 when these sold flats are delivered to buyers.

Phase I of Imperial Garden has 8 residential blocks with GFA of about 89,000 *sq. m.*, the commercial complex of about 7,500 *sq. m.* and 184 carparking spaces. It comprises 665 apartments with size ranging from 80 *sq. m.* to 160 *sq. m.*, 27 executive duplex of about 280 *sq. m.* and 3 simplex of 445 *sq. m.*. Up to date, a total of 396 flats have been sold at an average selling price of about RMB5,000 per *sq. m.*. The Group will accelerate the sales of 269 flats, being all the remaining completed residential properties at Imperial Garden during the financial year ending 2012.

The Group will commence construction works for phase II (Block 9 to Block 14) with residential GFA of about 60,000 *sq. m.* around July 2011 and will plan for presales in the first quarter of 2012.

Master plans of phase III (Block 15 to Block 55) of Imperial Garden comprising GFA of about 360,000 *sq. m.* have been approved and the total sales value based on the current market price is estimated to be about RMB3,800,000,000.

The commercial properties of Chuang's New City, including that of Gold Coast and Imperial Garden, have an aggregate GFA of 17,500 *sq. m.*. About 5,800 *sq. m.* are operated as clubhouse providing recreational facilities, a bilingual kindergarten and a convenience store under the brand "HomeMark" providing household goods and about 4,200 *sq. m.* are occupied as office premises. The remaining 7,500 *sq. m.* of retails spaces are held for rental purpose. The Group holds these commercial properties as investments and believes its value will be benefitted from the urbanisation and infrastructural improvements in the region.

Chuang's New Town, Huizhou, Guangdong (100% owned)

In January 2008, the Group entered into an agreement with Daya Bay Economic & Technological Development Group (大亞灣經濟技術開發集團公司), a state-owned enterprise, to dispose of the Group's development sites in Huizhou. The sites have an estimated developable area of 190,000 *sq. m.* and on the basis of RMB1,000 per *sq. m.*, the disposal consideration is about RMB192 million.

Up to the date of this report, the Group received total deposits of RMB136 million. The Group is holding discussions with the buyer to determine the exact site areas of the disposal as well as the completion schedule. Once an agreement is reached, the actual disposal consideration may be reduced according to the adjusted site areas, but such adjustment is not expected to be material. The Group will endeavor to complete this disposal in the financial year ending 31st March, 2012.

In May 2010, the Group agreed with the local authority of Huizhou for the resumption of the Group's remaining site in Huizhou to facilitate the construction of Shenzhen Xiamen Railway (廈深鐵路). As a result of the land resumption, a net gain of about RMB10.5 million has been recorded by the Group in the year under review.

Beverly Hills, Changsha, Hunan (54% owned)

The project comprises completed residential and commercial properties of about 80,200 *sq. m.*. Land cost is about RMB200 per *sq. m.*. It comprises 172 bungalows, link houses and semi-detached houses and 144 units of high rise apartments with a total GFA of 70,000 *sq. m.*. Up to the date of this report, about 72% has been sold.

The Group will market the remaining 19,300 *sq. m.* at the total sales value of about RMB164,000,000. In addition, construction works of the commercial and residential properties with a total GFA of about 10,200 *sq. m.* have been completed. The Group will commence on internal fitting out of the furnished hotel apartments having GFA of about 5,400 *sq. m.* with estimated sales value of about RMB32 million for sale.

Chuang's Palazzo Caesar, Changsha, Hunan (100% owned)

In December 2010, the Group agreed to dispose of its wholly-owned subsidiary which holds the property development project in Xingsha at RMB526 million in cash. Up to the date hereof, the Group received total deposits of RMB368.2 million and the balance of RMB157.8 million will be received upon completion. The net cash proceeds will be used for the property development business and as general working capital of the Group. Completion of the disposal is expected to generate a net gain of approximately RMB340 million for the Group and such gain is expected to be booked in the first half of the financial year ending 31st March, 2012.

Chuang's Mid-town, Anshan, Liaoning (100% owned)

In April 2010, the Group participated in government land auction and successfully bided for the development site in Anshan, Liaoning province. Chuang's Mid-town is located in the prime city centre of Tie Dong Qu (鐵東區) of Anshan, right next to the Anshan rail station and the nearby popular outdoor walking mall. It will be developed into a comprehensive complex for residential and commercial purpose and with a plot ratio of 10 times, residential GFA will be 90,000 *sq. m.* and commercial GFA will be 20,000 *sq. m.*. Based on 110,000 developable *sq. m.*, the average land cost is about RMB400 per *sq. m.*.

Land costs for the site have been fully paid. According to the terms of the land auction, the site should be delivered to the Group before 30th July, 2010. However, up to the date of this report, the local government has not yet fulfilled its obligation to handover the site. The Group is closely following up the situation with the local government for handing over the site. The Group has finalised the master layout plan for the project and will commence on ground investigation works once the site is delivered by the local government.

Chuang's Plaza, Anshan, Liaoning (100% owned)

During the government land auction in April 2010, the Group had successfully bided for the second development site in Anshan. Situated within 1 km from the first site, the second site acquired by the Group is located in the prime city centre of Tie Dong Qu (鐵東區) and is within walking distance to the Anshan rail station and the popular local marketplace as well as the local government offices. Based on a plot ratio of 10 times, the site will be developed into comprehensive complex for residential and commercial purpose with developable GFA of 390,000 *sq. m.*, and the average land cost is about RMB400 per *sq. m.*.

Land costs for the site have been fully paid. According to the terms of the land auction, the site should be delivered to the Group before 30th July, 2010. However, up to the date of this report, the local government has not yet fulfilled its obligation to handover the site. The Group is closely following up the situation with the local government for handing over the site. The Group has commenced on the master layout plan for the project and will commence on ground investigation works once the site is delivered by the local government.

Xiamen Mingjia Binhai, Xiamen, Fujian (59.5% owned)

The site, having an area of about 27,574 *sq. m.*, is located in Siming Qu (思明區) of Xiamen. Land cost of this project is about RMB4,800 per *sq. m.*. It will be developed into a luxurious high end villas and resort with GFA of about 18,000 *sq. m.*. On the site, about 30 villas will be developed with a plot ratio of just 0.3, aiming to create a secluded elegant lifestyle. A deluxe boutique hotel with about 84 keys will be built and water features including waterfalls, cascades and infinity pool concept will be incorporated. Master planning of the development has been approved by the relevant PRC authorities. The Group has commenced on the tendering process and will kick off construction works shortly.

Chuang's Le Printemps, Chengdu, Sichuan (51% owned)

The 30,000 *sq. m.* site is located in the prominent district within the second-ring road, Wu Hou Qu (武侯區) of Chengdu. The project is in planning stage. In order to expand the development size, the Group is in discussions with the local government for resettlement and redevelopment of the adjacent site. Once such redevelopment is approved, the master layout plan will be revised from the existing plot ratio of 4 to a plot ratio of 6.

Property Sales

For the financial year ended 2011, only about HK$156.5 million was recognised as revenues from property sales of the Group and was mainly related to sales of Block C of phase I of Chuang's Le Papillon in Guangzhou, Imperial Garden in Dongguan and Beverly Hills in Changsha. The revenues recognition was low as property sales can only be recognised as revenues when the sold properties are delivered to buyers. Therefore those sales relating to properties under construction or properties sold but not yet delivered to buyers cannot be accounted for as revenues for the year under review.

The financial year ending 2012 is expected to be a significant breakthrough for the Group with the target sales plan of over RMB2,850 million. As at the date of this report, the Group has already achieved contracted sales of about RMB1,175 million, including the disposals of the Xingsha project at RMB526 million and the Huizhou project at RMB192 million as mentioned above, as well as property sales related to Chuang's Le Papillon and Imperial Garden. Upon completion of the disposals and delivery of the properties to buyers, the Group expects that these contracted sales will be recorded as revenues for the financial year ending 2012.

Between now to 31st March, 2012, the Group targets to market an aggregate GFA of about 180,000 *sq. m.* in Chuang's Le Papillon, Imperial Garden and Beverly Hills, and the total value amounts to about RMB1,675 million based on current selling prices.

Other Investments

During the year under review, the Group's rental property in Hong Kong, Chuang's Tower in Central, maintained high occupancy rate. Rental and other income during the year amounted to HK$26.5 million, representing a 3.1% increase over that of last year. In April 2011, the Group completed the disposal of Chuang's Tower for a valuation of HK$790 million in cash. After repayment of the related bank borrowings in Hong Kong and the unsecured loan of HK$180 million due to its ultimate holding company, Chuang's Consortium International Limited ("CCIL"), the net cash amounting to about HK$235 million will be principally applied towards the property development business in the PRC.

The Group's other assets include Yuen Sang Hardware Company (1988) Limited ("Yuen Sang") which engaged in the manufacture and sale of metalware for exports. To facilitate the construction of Shenzhen Xiamen Railway (廈深鐵路) in Huizhou, the Group agreed with the local government in May 2010 for relocating from the leased factory building of Yuen Sang. The net compensation of RMB14.5 million was received by the Group. At the end of June 2010, Yuen Sang's manufacturing operation was relocated to newly leased factory premises with about 4,000 *sq. m.* in Huizhou. Taking into account the relocation expenses, a net gain of about RMB13.9 million has been recorded by the Group in the year under review.

Furthermore the Group's other assets also include approximately 10.4% interests in a quoted investment in CNT Group Limited and 25% interests in Treasure Auctioneer International Limited.

FINANCIAL POSITIONS

During the year, the Group's financial positions have significantly improved. As at 31st March, 2011, the Group's cash and bank balances (including restricted bank balance which has been released as bank balances of the Group in April 2011) amounted to HK$351.7 million (2010: HK$293.9 million). As at the same date, bank borrowings of the Group (excluding bank borrowings related to assets to be disposed of) amounted to HK$154.4 million (2010: HK$711.8 million). On this basis, the Group has net cash of HK$197.3 million. The calculation of net debt to equity ratio was therefore not applicable (2010: the net debt to equity ratio of the Group was 21.7%).

Approximately 10.7% of the Group's cash and bank balances were in Hong Kong dollar and United States dollar with the remaining 89.3% in Renminbi. The Group's entire bank borrowings were in Renminbi, of which approximately 42.3% were repayable within one year and the remaining 57.7% were repayable within the second year. Risk in exchange rate fluctuation would not be material.

During the year under review, the Group obtained an unsecured short-term loan from CCIL to finance the acquisition of two development sites in Anshan, the PRC. The loan bears interests at prevailing market rates and amounts to about HK$180 million as at 31st March, 2011. Subsequent to the balance sheet date, this unsecured loan due to CCIL has been fully repaid.

As at 31st March, 2011, the net asset value attributable to equity holders of the Company was HK$1,997.7 million. Net asset value per share amounted to HK$1.31, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

PROSPECTS

Looking ahead, the Group holds optimistic view about the prospects of the projects in the cities where we are located. The Group will focus on development of high-end residential properties integrated with commercial and modern amenities and services at an affordable average selling price. We shall also accelerate the pace of construction for our existing development projects in order to generate higher revenue growth.

The Group will expand to the commercial properties and hotel business to enhance the value of development projects and to generate stable income. With the relatively low land cost of the Group's projects, there will be remarkable returns to shareholders in the forthcoming years.

STAFF

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 31st March, 2011, the Group employed 568 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

DEALING IN THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2011 with the code provisions set out in the Appendix 14 – Code on Corporate Governance Practices of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

An audit committee has been established by the Company to review and supervise the Company's financial reporting process and internal controls and review the relationship with the auditor. The audit committee has held meetings in accordance with the relevant requirements and reviewed the results of the Group for the year ended 31st March, 2011. The current members of the audit committee are Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan, the Independent Non-Executive Directors of the Company.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard as set out in the Model Code.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual report of the Company for the year ended 31st March, 2011 containing all applicable information required by Paragraph 45 of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

GENERAL

As at the date of this announcement, Mr. Lee Sai Wai, Mr. Albert Chuang Ka Pun, Miss Ann Li Mee Sum, Miss Candy Chuang Ka Wai, Mr. Sunny Pang Chun Kit and Mr. Wong Chung Wai are the Executive Directors, and Mr. Abraham Shek Lai Him, Dr. Hwang Jen, Mr. David Chu Yu Lin and Dr. Peter Po Fun Chan are the Independent Non-Executive Directors of the Company.

By Order of the Board of
Chuang's China Investments Limited
Ann Li Mee Sum
Managing Director

Hong Kong, 24th June, 2011